

Massachusetts Climate Action Network

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Westwood Environmental Coalition
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August 18, 2005

Howard B. Bernstein
RPS Program Manager
Mass. Division of Energy Resources
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Boston, MA 02114

sent via e-mail: doer.rps@state.ma.us; howard.bernstein@state.ma.us

Dear Mr. Bernstein:

These comments respond to DOER's Notice of Inquiry released on July 1, 2005, "Regarding Some Proposed Revisions of the Regulations Pertaining to the Definition of "Low-Emission, Advanced Biomass Power Conversion Technologies."

Mass. Climate Action Network's primary concern in this inquiry is maximizing the impact of the state's Renewable Energy Portfolio Standard (RPS) on reducing the release of greenhouse gases resulting from the use of electricity in Massachusetts. We are opposed to any change in DOER's regulations that have the result, in the short- or long-term, of making the RPS a less potent tool in combating the increasingly dire threat posed by climate change (global warming).

As you know, besides this goal being embodied in the RPS, it is also stated explicitly in two more recent policy documents, the New England Governors/Eastern Canadian Premiers Climate Change Action Plan issued in 2001, and the Massachusetts Climate Protection Plan, issued in 2004. Both these documents commit the state to reducing greenhouse gas emissions to 10% below 1990 levels by 2020, and eventually to 75%-85% below those levels.

While we support the Division's desire to end or minimize its practice of making case-by-case determinations on the eligibility of biomass facilities for the RPS, we are greatly concerned that the current proposals would have negative consequences.

The goal of the RPS statute is to accelerate the development of new renewable energy generation and diversify the fuel mix supplying Massachusetts customers towards an

increasing share from sources that produce zero or low net greenhouse gas emissions. As we read the statute, this means adding renewable generation from plants that were not in existence prior to 1998, or incremental generation from plants that existed prior to that time. Assisting older biomass plants with maintaining financial profitability (based on assertions that have not been proven), or making it easier to meet the numerical requirements of the statute for new renewable generation, are not goals contained in the RPS statute, and therefore are not valid reasons for DOER to change its regulations.

As the Notice of Inquiry states, the RPS statute has a "preference for developing new generation utilizing all eligible renewable energy technologies." The word "new" here is critical, and should not be diluted by replacing a *requirement* with the word *preference*, making it possible for what could be a large fraction of the RPS requirements to be met by what is essentially old capacity.

The Notice of Inquiry also states a goal to "Improve[s] the likelihood that new renewable generation development will keep pace with the accelerating compliance levels of the RPS and will, thereby, steadily increase the development of a cleaner, more diverse, and more sustainable electrical energy supply for the Commonwealth."

While we are in complete agreement with the second part of this sentence, we do not believe that redefining retrofitted biomass plants as "New Renewable Generation" under the RPS statute is legitimate, appropriate, or necessary to accomplish this goal.

To the degree that Massachusetts load serving entities are having difficulty obtaining sufficient new renewable generation to meet their obligations, the cause is other market and policy issues, particularly the lack of long-term sales contracts being available for renewable energy generators and the difficulty in siting facilities. These problems should be corrected, and can be corrected through state government action, rather than watering down the RPS. Although it may not be entirely within DOER's power as an agency to solve these problems, it is also not DOER's role, nor is it within DOER's statutory authority, to compensate for the failure to rectify these problems by taking actions which undermine the goals of the RPS. The Department should, instead, take whatever actions it can to contribute to the resolution of these fundamental problems.

The Notice of Inquiry says:

"If DOER were to set standards for advanced biomass power conversion technology that led to a significant expansion in RPS-qualified biomass power plant capacity, the the supply of MA RECs in the market would increase. If supply were to move substantially ahead of demand, then the price of MA RECs would likely decline significantly. An expectation of such oversupply and price decline would likely deter the investment of capital in new plant construction, both for biomass plants and for generation based on all other renewable resources (wind, solar, landfill methane, anaerobic digestion, etc.). Such a consequence would be counterproductive to the goals of new renewable generation expansion and increased fuel diversity."

This is a clear and strong statement of the problems involved in allowing old biomass facilities to become eligible for the RPS. Such deterrence of investment in what are truly new renewable energy facilities is the likely consequence of DOER's adopting the changes to its regulations that are being considered. DOER's own database suggests that there is enough potential supply of existing biomass generation capable of retooling that such an outcome is probable. This would be disastrous for the goals of the RPS, and for the state's goal of reducing greenhouse gas emissions. We urge the Division to heed its own warning and not to create a large increase in RECs coming from existing biomass plants.

The advisory rulings that DOER has already issued have the potential to create a substantial increase in the number of RECs available on the market. While DOER should, as a result of this inquiry, halt further encroachment of existing biomass into the target established by statute for new renewable generation, to prevent the past rulings from harming the incentive to invest in truly new renewables, DOER should adjust the RPS numerical targets upward by equivalent percentages.

While we oppose making existing biomass plants eligible for the RPS, should the Division decide to do this to any degree, the RPS targets should again be adjusted upward to account for the amount of existing capacity which is being treated as new renewables. Only in this manner can the clear statutory goals for new renewable energy generation be met.

Should the Division decide to make any existing biomass eligible for the RPS, it should be done with strict limitations, including:

- 1) the existing facilities should be required to repower, including wholesale replacement of the prime mover, with the new capital investment constituting 80% or more of the total (undepreciated) value of the plant and equipment.
- 2) the emissions standards for the plants should initially be based on Table 2 of the Notice of Inquiry, but within three years should be based on the best available control technology.
- 3) in order not to overwhelm the market for new renewables, there should be a quantitative limit or cap on the number of megawatt hours which will be accepted, limiting such repowered biomass facilities to a small percentage of the overall RPS requirement. Alternatively or in addition, re-powered biomass could be included within the RPS at a discount, such as making each megawatt hour worth one-third of a REC for compliance purposes.

Thank you for considering our comments.

Yours truly,

Marc Breslow, Ph.D.
Director